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RECORDATION NO. _____ Filed & Recorded

JUL 12 1971 -2 35 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of June 7, 1971

between

ARDLEIGH LEASING CORPORATION

and

READING COMPANY

LEASE OF RAILROAD EQUIPMENT dated as of June 7, 1971, between ARDLEIGH LEASING CORPORATION, a Delaware corporation (hereinafter called the Lessor) and READING COMPANY, a Pennsylvania corporation (hereinafter called the Lessee).

WHEREAS, the Lessor and the Lessee have entered into a Conditional Sale Agreement dated as of June 7, 1971 (hereinafter called the Security Document), with BETHLEHEM STEEL CORPORATION (hereinafter called the Builder), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the railroad equipment described in Schedule A hereto;

WHEREAS, the Builder has assigned or will assign its interests in the Security Document to Central-Penn National Bank, as Agent (hereinafter, together with its successors and assigns, referred to as the Vendor); and

WHEREAS, the Lessee desires to lease all the units of said equipment, or such lesser number as are delivered and accepted and settled for under the Security Document on or prior to September 1, 1971 (hereinafter called the Units), at the rentals and for the terms and upon the conditions hereinafter provided;

Now, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but, upon default of the Lessee hereunder or under the Security Document, subject to all the rights and remedies of the Vendor under the Security Document:

§1. *Incorporation of Model Provisions.* Whenever this Lease incorporates herein by reference, in whole or in part or as hereby amended, any provision of the document entitled "Model Lease Provisions" annexed to the Security Document as Part II of Annex C thereto (hereinafter called the Model Lease Provisions), such provision of the Model Lease Provisions shall be deemed to be a part of this instrument as fully to all intents and purposes as though such provision had been set forth in full in this Lease, except that the

term "Security Documents" as used therein shall be deemed to mean the Security Document.

§ 2. *Delivery and Acceptance of Units.* § 2 of the Model Lease Provisions is herein incorporated as § 2 hereof.

§ 3. *Rentals.* The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 30 consecutive semiannual payments, payable on September 1 and March 1 in each year commencing September 1, 1971. The semiannual payments shall be in an amount equal to 5.79562% of the Purchase Price (as such term is defined in the Security Document pursuant to which such Unit is being acquired by the Lessor) of each Unit subject to this Lease.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease in immediately available Philadelphia or Federal funds (including but not limited to the payments required under § 7 hereof) for the account of the Lessor, c/o Central-Penn National Bank 5 Penn Center Plaza, Philadelphia, Pennsylvania 19103, Attention: Thomas McCoy, Trust Officer, or to any successor agent under the Finance Agreement between this bank, Lessor, Lessee, and the Investor named therein (Agent). On or before the date upon which payments to the Vendor under the Security Document are due and owing, the Agent is hereby authorized to apply funds received hereunder in immediately available Philadelphia or Federal funds to make such payment to the Vendor (or to any assignee of the Vendor pursuant to Section 7 of the Agreement and Assignment between the Builder and the Vendor, dated as of June 7, 1971, under which the Security Document is being assigned to the Vendor). Such payments shall be applied by the Vendor to satisfy the obligations of the Lessor under the Security Document accrued at the time such payments are due hereunder and, so long as no event of default under the Security Document shall have occurred and be continuing, any balance shall be paid to the Lessor or as it instructs such Agent.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Document, including the Lessee's rights by subrogation under Article 8 thereof (other than the right under the proviso of the

last paragraph of said Article 8), or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms thereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 4. *Term of Lease.* The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date six months following the date on which the final semiannual payment of rent in respect thereof is due hereunder.

Notwithstanding anything to the contrary contained herein, all rights and obligations under this Lease and in and to the Units, upon default by the Lessee hereunder, or under the Security Document in its capacity as Guarantor or otherwise, are subject to the rights of the Vendor under the Security Document. If an event of default should occur under the Security Document, the Vendor may terminate this Lease (or rescind its termination), all as provided therein, unless the Lessee is not so in default under this Lease or under the Security Document.

§ 5. *Identification Marks.* § 5 of the Model Lease Provisions is herein incorporated as § 5 hereof.

§ 6. *Taxes.* § 6 of the Model Lease Provisions is herein incorporated as § 6 hereof.

§ 7. *Payment for Casualty Occurrences; Insurance.* In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences except for any taking or requisition which by its terms does not exceed the then current term of this Lease, being hereinafter called Casualty Occurrences) during the term of this Lease, the Lessee shall, within ten days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor with respect thereto. Unless the Lessee has elected to replace the Unit suffering a Casualty Occurrence as hereinafter provided, on the rental payment date (subsequent to September 1, 1971) (provided such next succeeding rental payment date is not less than 90 days after such Casualty Occurrence in the case of any rental payment date other than the last such date) next succeeding such notice, the Lessee shall pay to the Lessor an amount equal to the accrued rental for such Unit to the date of such payment plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite the number of such rental payment date:

Payment No.	Percentage	Payment No.	Percentage
2	106.86%	5	114.11%
3	109.64%	6	115.79%
4	112.06%	7	117.09%

Payment No.	Percentage	Payment No.	Percentage
8	118.01%	20	75.19%
9	118.54%	21	70.44%
10	118.68%	22	65.67%
11	118.43%	23	60.88%
12	113.50%	24	56.05%
13	108.62%	25	51.18%
14	103.77%	26	46.25%
15	98.96%	27	41.26%
16	94.18%	28	36.20%
17	89.42%	29	31.04%
18	84.67%	30 and there-	25.78%
19	79.93%	after	

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by the Lessee on equipment owned by it. Such insurance shall include the Vendor and the Lessor as additional named insureds as their interests may appear. Any net insurance proceeds as the result of insurance carried by the Lessee or condemnation proceeds received by the Lessor in respect of Units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 7. If the Lessor shall receive any such net insurance proceeds or condemnation proceeds after the Lessee shall have made payments pursuant to this § 7 without deduction for such net insurance proceeds or any condemnation payments, the Lessor shall pay such proceeds to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds shall remain the property of the Lessor.

tion of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessor or the sale or other disposition of the Lessor's interest in such Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 11. *Return of Units Upon Default.* § 11 of the Model Lease Provisions is herein incorporated as § 11 hereof.

§ 12. *Assignment; Possession and Use.* § 12 of the Model Lease Provisions is herein incorporated as § 12 hereof with the following amendments: (a) at the end of its first sentence of the second paragraph add, "except, however, for any rights in and to the Lessee's interest in this Lease which may accrue to the Manufacturers Hanover Trust Company (hereinafter called the Mortgagee), as successor to the Central Union Trust Company as mortgagee under a Mortgage and Deed of Trust dated January 2, 1924, between the Lessee and the Mortgagee, as amended and supplemented provided that the lien thereof is subordinate to or does not conflict with the rights of the Lessor"; and (b) add within the next succeeding parenthesis the words "and other than the lien of the said Mortgage and Deed of Trust".

§ 13. *Purchase and Renewal Options.* Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the particular term of this Lease, (i) at the end of the original term, or any extended term, elect to purchase all, but not fewer than all, the Units covered by this Lease at the end of such term of this Lease for a purchase price

equal to the "Fair Market Value" of such Units as of the end of such term or (ii) elect to extend the term of this Lease in respect of all, but not fewer than all, such Units then covered by this Lease for up to two periods of five years each, commencing on the scheduled expiration of the original term of this Lease, provided that no such extended term shall extend beyond September 1, 1996, at a rental payable in semiannual payments, each in an amount equal to the Fair Rental Value, determined as of the end of the preceding term. Fair Rental Value shall mean an arms length determination of the fair rental for the Units determined in accordance with the formula set out below for determining Fair Market Value. Such semiannual payments shall be made on March 1 and September 1 in each year of the applicable extended term. Six months prior to the end of such first period Lessee (not being in default) may elect to extend for such second, period, provided that any prior election has not exhausted the Lessee's rights under this paragraph.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of any term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's

assignee or nominee, a bill of sale (without representations or warranties except that such Units are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor) for such Units, and such other documents as may be required to release such Units from the terms and scope of this Lease and to transfer title thereto to the Lessee or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

All payments to be made under this section to or for the account of the Lessor shall be made to the Agent under the Finance Agreement.

§ 14. *Return of Units upon Expiration of Term.* § 14 of the Model Lease Provisions is amended by adding the following sentence at the end thereof: "Lessor shall deliver possession of the Units in good order and repair, ordinary wear and tear excepted, in compliance with all governmental laws, regulations, requirements and rules, including the rules of the Interstate Commerce Commission and the interchange rules of the Association of American Railroads, except that this provision shall not apply to any Unit which shall have suffered a Casualty Occurrence." § 14 of the Model Lease Provisions, as so amended, is herein incorporated as § 14 hereof.

§ 15. *Opinion of Counsel.* § 15 of the Model Lease Provisions is herein incorporated as § 15 hereof.

§ 16. *Recording; Expenses.* § 16 of the Model Lease Provisions is herein incorporated as § 16 hereof.

§ 17. *Federal Income Taxes.* The Lessor, as the owner of the Units, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including without limitation, an allowance for the Rapid Amortization Deduction (as defined in § 10 of this Lease), with respect to the Units.

Lessee agrees and warrants that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such action and

execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof, Lessee agrees to keep and make available for inspection and copying by Lessor such records as will enable Lessor to determine whether it is entitled to the full benefit of the Rapid Amortization Deduction with respect to the Units.

The Lessee represents, agrees and warrants that (i) at the time the Lessor becomes the owner of the Units for purposes of Section 184 of the Code and at all times thereafter during the term of this Lease, the Units will be "rolling stock of the type used by a common carrier engaged in the furnishing or sale of transportation by railroad and subject to the jurisdiction of the Interstate Commerce Commission" within the meaning of Section 184(d) of the Code, (ii) at the time the Lessor becomes the owner of the Units for purposes of Section 184 of the Code the Units will not have been used by any person so as to preclude "the original use of such rolling stock" within the meaning of Section 184 of the Code from commencing with the Lessor and no investment credit, depreciation or other tax benefits will have been claimed by any person with respect thereto, (iii) the Lessee is as of the date hereof and will be at all times during the term of this Lease "a domestic common carrier by railroad" within the meaning of Section 184(d) (1) (A) of the Code, and (iv) during the term of this Lease, each Unit will, within the meaning of Section 184(d) (1) (A) of the Code, solely be "used by a domestic common carrier by railroad on a full-time basis, or on a part-time basis if its only additional use is an incidental use by a Canadian or Mexican common carrier by railroad on a per diem basis."

If the Lessor shall lose, or shall not have or shall lose the right to claim, or there shall be disallowed with respect to the Lessor, or the Lessor shall be required to recapture, all or any portion of the Rapid Amortization Deduction with respect to any Unit as a result of any of the following events:

- (a) Any representation, warranty, fact, estimate, opinion or other statement made or stated by the Lessee (or any officer, employee or agent thereof) contained herein, in the Security Document, in the related Assignment (as defined in the Security Document), in the Finance Agreement (as defined in the related Assignment), or otherwise made in writing in connection herewith or therewith, shall, or in the opinion of the Internal Revenue Service (hereinafter called the IRS) shall, be fraudulent, untrue,

incorrect, inaccurate or misleading in whole or in part; or the Lessee (or any officer, employee or agent thereof) shall, or in the opinion of the IRS shall, fail to state any material fact in connected with the transactions contemplated hereby or thereby; or the Lessee shall take any action in respect of its income tax returns or otherwise which shall, or in the opinion of the IRS shall be inconsistent with, or in contravention of, any of the transactions contemplated hereby or thereby; or the Lessee (or any officer, employee or agent thereof) shall, or in the opinion of the IRS shall, take any other action whatsoever which shall cause the loss or disallowance or recapture of any portion of the full Rapid Amortization Deduction; or

(b) The failure of the Lessee to perform or observe any covenant, condition or agreement to be performed or observed by it under this Lease or the Security Documents, the related Assignment or the Finance Agreement; or

(c) Any use of such Unit which prevents such Unit from being "qualified railroad rolling stock" within the meaning of Section 184(d) of the Code, or any regulations promulgated thereunder;

the rental rate applicable to such Unit set forth in § 2 of this Lease shall, on and after the next succeeding rental payment date after written notice to the Lessee by the Lessor that such Rapid Amortization Deduction could not be claimed, or if claimed and then disallowed or recaptured on and after the next succeeding rental date after payment of the tax attributable thereto, be increased by such amount for such Unit which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America or any political subdivision thereof (calculated at the Assumed Rates as defined in § 10 hereof), in the reasonable opinion of the Lessor, will cause the Lessor's net return over the term of the Lease (taxes being calculated at the Assumed Rates and depreciation being claimed to the extent possible) in respect of such Unit under this Lease to equal the net return (taxes being calculated at the Assumed Rates) that would have been available if the Lessor had been entitled to utilization of all or such portion of the Rapid Amortization Deduction which could not be claimed or was disallowed or was recaptured and the Lessee

tion of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessor or the sale or other disposition of the Lessor's interest in such Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 11. *Return of Units Upon Default.* § 11 of the Model Lease Provisions is herein incorporated as § 11 hereof.

§ 12. *Assignment; Possession and Use.* § 12 of the Model Lease Provisions is herein incorporated as § 12 hereof with the following amendments: (a) at the end of its first sentence of the second paragraph add, "except, however, for any rights in and to the Lessee's interest in this Lease which may accrue to the Manufacturers Hanover Trust Company (hereinafter called the Mortgagee), as successor to the Central Union Trust Company as mortgagee under a Mortgage and Deed of Trust dated January 2, 1924, between the Lessee and the Mortgagee, as amended and supplemented provided that the lien thereof is subordinate to or does not conflict with the rights of the Lessor"; and (b) add within the next succeeding parenthesis the words "and other than the lien of the said Mortgage and Deed of Trust".

§ 13. *Purchase and Renewal Options.* Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six months prior to the end of the particular term of this Lease, (i) at the end of the original term, or any extended term, elect to purchase all, but not fewer than all, the Units covered by this Lease at the end of such term of this Lease for a purchase price

equal to the "Fair Market Value" of such Units as of the end of such term or (ii) elect to extend the term of this Lease in respect of all, but not fewer than all, such Units then covered by this Lease for up to two periods of five years each, commencing on the scheduled expiration of the original term of this Lease, provided that no such extended term shall extend beyond September 1, 1996, at a rental payable in semiannual payments, each in an amount equal to the Fair Rental Value, determined as of the end of the preceding term. Fair Rental Value shall mean an arms length determination of the fair rental for the Units determined in accordance with the formula set out below for determining Fair Market Value. Such semiannual payments shall be made on March 1 and September 1 in each year of the applicable extended term. Six months prior to the end of such first period Lessee (not being in default) may elect to extend for such second, period, provided that any prior election has not exhausted the Lessee's rights under this paragraph.

Fair Market Value shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. If on or before four months prior to the expiration of any term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser shall be borne by the Lessee.

Upon payment of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's

assignee or nominee, a bill of sale (without representations or warranties except that such Units are free and clear of all claims, liens, security interests and other encumbrances by or in favor of any person claiming by, through or under the Lessor) for such Units, and such other documents as may be required to release such Units from the terms and scope of this Lease and to transfer title thereto to the Lessee or such assignee or nominee, in such form as may reasonably be requested by the Lessee, all at the Lessee's expense.

All payments to be made under this section to or for the account of the Lessor shall be made to the Agent under the Finance Agreement.

§ 14. *Return of Units upon Expiration of Term.* § 14 of the Model Lease Provisions is amended by adding the following sentence at the end thereof: "Lessor shall deliver possession of the Units in good order and repair, ordinary wear and tear excepted, in compliance with all governmental laws, regulations, requirements and rules, including the rules of the Interstate Commerce Commission and the interchange rules of the Association of American Railroads, except that this provision shall not apply to any Unit which shall have suffered a Casualty Occurrence." § 14 of the Model Lease Provisions, as so amended, is herein incorporated as § 14 hereof.

§ 15. *Opinion of Counsel.* § 15 of the Model Lease Provisions is herein incorporated as § 15 hereof.

§ 16. *Recording; Expenses.* § 16 of the Model Lease Provisions is herein incorporated as § 16 hereof.

§ 17. *Federal Income Taxes.* The Lessor, as the owner of the Units, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including without limitation, an allowance for the Rapid Amortization Deduction (as defined in § 10 of this Lease), with respect to the Units.

Lessee agrees and warrants that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such action and

execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof, Lessee agrees to keep and make available for inspection and copying by Lessor such records as will enable Lessor to determine whether it is entitled to the full benefit of the Rapid Amortization Deduction with respect to the Units.

The Lessee represents, agrees and warrants that (i) at the time the Lessor becomes the owner of the Units for purposes of Section 184 of the Code and at all times thereafter during the term of this Lease, the Units will be "rolling stock of the type used by a common carrier engaged in the furnishing or sale of transportation by railroad and subject to the jurisdiction of the Interstate Commerce Commission" within the meaning of Section 184(d) of the Code, (ii) at the time the Lessor becomes the owner of the Units for purposes of Section 184 of the Code the Units will not have been used by any person so as to preclude "the original use of such rolling stock" within the meaning of Section 184 of the Code from commencing with the Lessor and no investment credit, depreciation or other tax benefits will have been claimed by any person with respect thereto, (iii) the Lessee is as of the date hereof and will be at all times during the term of this Lease "a domestic common carrier by railroad" within the meaning of Section 184(d) (1) (A) of the Code, and (iv) during the term of this Lease, each Unit will, within the meaning of Section 184(d) (1) (A) of the Code, solely be "used by a domestic common carrier by railroad on a full-time basis, or on a part-time basis if its only additional use is an incidental use by a Canadian or Mexican common carrier by railroad on a per diem basis."

If the Lessor shall lose, or shall not have or shall lose the right to claim, or there shall be disallowed with respect to the Lessor, or the Lessor shall be required to recapture, all or any portion of the Rapid Amortization Deduction with respect to any Unit as a result of any of the following events:

- (a) Any representation, warranty, fact, estimate, opinion or other statement made or stated by the Lessee (or any officer, employee or agent thereof) contained herein, in the Security Document, in the related Assignment (as defined in the Security Document), in the Finance Agreement (as defined in the related Assignment), or otherwise made in writing in connection herewith or therewith, shall, or in the opinion of the Internal Revenue Service (hereinafter called the IRS) shall, be fraudulent, untrue,

incorrect, inaccurate or misleading in whole or in part; or the Lessee (or any officer, employee or agent thereof) shall, or in the opinion of the IRS shall, fail to state any material fact in connected with the transactions contemplated hereby or thereby; or the Lessee shall take any action in respect of its income tax returns or otherwise which shall, or in the opinion of the IRS shall be inconsistent with, or in contravention of, any of the transactions contemplated hereby or thereby; or the Lessee (or any officer, employee or agent thereof) shall, or in the opinion of the IRS shall, take any other action whatsoever which shall cause the loss or disallowance or recapture of any portion of the full Rapid Amortization Deduction; or

(b) The failure of the Lessee to perform or observe any covenant, condition or agreement to be performed or observed by it under this Lease or the Security Documents, the related Assignment or the Finance Agreement; or

(c) Any use of such Unit which prevents such Unit from being "qualified railroad rolling stock" within the meaning of Section 184(d) of the Code, or any regulations promulgated thereunder;

the rental rate applicable to such Unit set forth in § 2 of this Lease shall, on and after the next succeeding rental payment date after written notice to the Lessee by the Lessor that such Rapid Amortization Deduction could not be claimed, or if claimed and then disallowed or recaptured on and after the next succeeding rental date after payment of the tax attributable thereto, be increased by such amount for such Unit which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America or any political subdivision thereof (calculated at the Assumed Rates as defined in § 10 hereof), in the reasonable opinion of the Lessor, will cause the Lessor's net return over the term of the Lease (taxes being calculated at the Assumed Rates and depreciation being claimed to the extent possible) in respect of such Unit under this Lease to equal the net return (taxes being calculated at the Assumed Rates) that would have been available if the Lessor had been entitled to utilization of all or such portion of the Rapid Amortization Deduction which could not be claimed or was disallowed or was recaptured and the Lessee

shall forthwith pay to the Lessor the amount of any interest which may be assessed by the United States against the Lessor attributable to the loss or recapture of all or any portion of the Rapid Amortization Deduction. The Lessor agrees that if, in the opinion of Messrs. Saul, Ewing, Remick & Saul or other independent counsel selected by the Lessor and acceptable to the Lessee, a bona fide claim to all or a portion of the Rapid Amortization Deduction on any Unit exists in respect of which the Lessee is required to pay increased rental and interest as aforesaid to the Lessor as above provided, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said counsel in order to sustain such claim. The Lessor may take such action prior to making payment of the amounts claimed pursuant to a notice of disallowance or may make such payment and then sue for a refund. In the latter event, if the final determination shall be adverse to the Lessor, the Lessee shall pay to Lessor interest on the amount of the tax paid attributable to the Rapid Amortization Deduction disallowed, computed at the rate of 11% per annum from the date of payment of such tax to the date the Lessee shall reimburse the Lessor for such tax in accordance with the provisions of this § 17. The Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this § 17 shall survive the expiration or other termination of this Lease.

On or before the Closing Date occurring under the Security Document, the Lessor, as a condition to its obligation to lease the Units to the Lessee hereunder, shall have received counterparts of the written opinion of Messrs. Saul, Ewing, Remick & Saul addressed to the Lessor to the effect that for federal income tax purposes and upon such review and on the basis of such understandings as such counsel deem necessary:

A. the Lessor (or any nominees for which it is acting) will be considered the owner of the Units; and

B. the Lessor (or any nominees for which it is acting) will be entitled to either (i) depreciation deductions with respect to

the Units, computed in accordance with any of the methods listed in Section 167(b) of the Code, or (ii) amortization of the Units (provided that such Units retain their status as "qualified railroad rolling stock" within the meaning of the Code), as provided for in Section 184 of the Code, whichever the Lessor elects.

§ 18. *Interest on Overdue Rentals.* Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 11% per annum of the overdue rentals for the period of time during which they are overdue.

§ 19. *Notices.* Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first-class postage prepaid, addressed as follows:

(a) if to the Lessor, at 1701 Farmers Bank Building, Wilmington, Delaware 19801, Copy to: Lease Financing Corporation, 1 Wynnewood Rd., Wynnewood, Pennsylvania 19096; and

(b) if to the Lessee, at Reading Terminal, Philadelphia, Pennsylvania, 19107, Attention: Office of Secretary,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 20. *Severability; Effect and Modification of Lease.* Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

§ 21. *Execution.* This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument. Although this Lease is dated as of June 7, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. *Law Governing.* The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Pennsylvania, *provided, however*, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

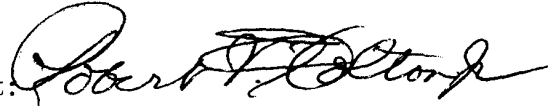
ARDLEIGH LEASING CORPORATION

By 

President

[CORPORATE SEAL]

Attest:

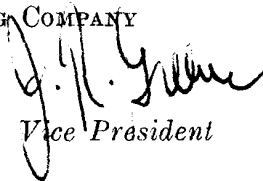


Secretary

APPROVED
AS TO FORM

READING COMPANY

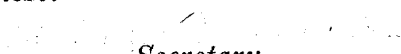
By



Vice President

[CORPORATE SEAL]

Attest:


Secretary

STATE OF DELAWARE }
COUNTY OF NEW CASTLE } ss:

On this 6th day of July, 1971, before me personally appeared BEVERLEY R. WILSON, to me personally known, who, being by me duly sworn, says that he is the President of ARDLEIGH LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

[NOTARIAL SEAL]

My Commission Expires Oct. 3, 1972

COMMONWEALTH OF PENNSYLVANIA }
COUNTY OF PHILADELPHIA } ss:

On this 9th day of July, 1971, before me personally appeared J. R. Greene, to me personally known, who, being by me duly sworn, says that he is a Vice President of READING COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Signature]
Notary Public

[NOTARIAL SEAL]

My Commission Expires

Notary Public, Philadelphia, Philadelphia Co.,
My Commission Expires January 17, 1974

SCHEDULE A

Type	Builder's Specifications	Builder's Plant	Quantity	Lessee's Road Numbers (Inclusive)	Unit Base Price	Total Base Price	Estimated Time and Place of Delivery
100-ton open top hopper cars with roller bearings.	X-300-60 March 3, 1971 DF-3400-236	Johnstown, Pennsylvania	65	41710-41774	\$14,775	\$960,375	July-August, 1971, on Builder's Tracks, F.O.B., Johnstown, Pa.